

233 South 13th Street, Suite 700
Lincoln, Nebraska 68508
Phone: (402) 474-1555
Fax: (402) 474-2946
www.nebankers.org



December 21, 2010

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., NW
Washington, DC 20551

Re: Regulation Z – Truth in Lending Act Docket No. R-1390

Dear Ms. Johnson:

I write on behalf of the Nebraska Bankers Association (NBA) to express opposition to the proposed new disclosures applicable to credit insurance and debt cancellation and suspension products. The NBA represents 223 of 225 banks and 12 of the 13 savings and loan associations in the state of Nebraska.

Members of the NBA offer debt protection products to consumers in connection with open-end and closed-end consumer loans. These products are already subject to specific disclosures. Prior Federal Reserve Board studies have revealed that most consumers electing debt protection products understand the option and the cost of such products from the information contained in the existing disclosure documents.

Debt protection products, including GAP, credit life and credit disability, have proven to be both valuable and needed forms of coverage for a significant number of consumers. Protections provided by these products include (a) payoff on loans in the event of a death, or the making of payments in the event of a disability or involuntary unemployment; (b) in the event of a total loss, protection of customers when their loan balance is greater than the book value of their vehicle; (c) providing peace of mind for the consumer; (d) protecting a borrower's credit rating; and (e) protecting a lender's loan portfolio from defaults.

For disclosure language to be effective and balanced, it must be objective and factual with no underlying tone of bias or negativity. The proposed disclosures are inaccurate, misleading and effectively warn customers away from debt protection products.

Debt protection products that would be subject to these new, misleading disclosures provide a tangible benefit to many consumers. Interference with the marketing and sale of these debt

Ms. Jennifer J. Johnson, Secretary
December 21, 2010
Page 2

protection products could result in financial disaster for many borrowers. The new requirements will most certainly cause debt protection sales to decrease, which in turn will result in increased charge-offs and decreased non-interest income for financial institutions.

In closing, the NBA would encourage the board to refrain from approving the proposed disclosures.

Sincerely,

A handwritten signature in black ink that reads "George Beattie". The signature is fluid and cursive, with the first letter of each name being capitalized and prominent.

George Beattie
NBA President & CEO
george.beattie@nebankers.org

/tjm